

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Caldwell Township	County Missaukee
Audit Date 3/31/06	Opinion Date 6/7/06	Date Accountant Report Submitted to State: July 24, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Baird, Cotter and Bishop, P.C.			
Street Address 134 W. Harris Street		City Cadillac	State MI
			ZIP 49601
Accountant Signature  SCOTT A LITZ CPA			Date 8-11-06

CALDWELL TOWNSHIP, MISSAUKEE COUNTY

MANTON, MICHIGAN

MARCH 31, 2006

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

MARCH 31, 2006

TABLE OF CONTENTS

	<u>PAGES</u>
Independent Auditors' Report	i-ii
Management's Discussion and Analysis	iii-ix
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements	
Governmental Funds	
Balance Sheet	3
Reconciliation of the Balance Sheet to the Statement of Net Assets	4
Statement of Revenues, Expenditures and Changes in Fund Balance	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	6
Fiduciary Fund	
Statement of Fiduciary Assets and Liabilities	7
Notes to Financial Statements	8-17
Required Supplementary Information	
Budgetary Comparison Schedule - Major Governmental Funds	18
Financial Statements of Individual Funds	
Major Governmental Funds	
<u>General Fund</u>	
Balance Sheet	19
Statement of Revenues, Expenditures and Changes in Fund Balance	20
<u>Fire Fund</u>	
Balance Sheet	21
Statement of Revenues, Expenditures and Changes in Fund Balance	22
Nonmajor Governmental Funds – By Fund Type	
Balance Sheet	23
Statement of Revenues, Expenditures and Changes in Fund Balance	24

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

MARCH 31, 2006

TABLE OF CONTENTS

Nonmajor Special Revenue Funds	
Combining Balance Sheet	25
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	26
<u>Street Lighting Fund</u>	
Balance Sheet	27
Statement of Revenues, Expenditures and Changes in Fund Balance	28
<u>Lake Improvement Fund</u>	29
Balance Sheet	
Statement of Revenues, Expenditures and Changes in Fund Balance	30
Agency Fund	
<u>Current Tax Collection Fund</u>	
Statement of Changes in Assets and Liabilities	31
Other Information	
Statement of 2005 Property Tax Roll	32-33
Letter of Comments and Recommendations	34
Letter of Reportable Conditions	35-36

134 WEST HARRIS STREET
CADILLAC, MICHIGAN 49601
231-775-9789
FAX: 231-775-9749

M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER., C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

June 7, 2006

INDEPENDENT AUDITORS' REPORT

To the Township Board
Caldwell Township
Missaukee County
Manton, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Caldwell Township, Missaukee County, Manton, Michigan as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Caldwell Township, Missaukee County, Manton, Michigan as of March 31, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages iii through ix and budgetary comparison information on page 18 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Caldwell Township, Missaukee County, Manton, Michigan's financial statements. The combining and individual fund financial statements, and other supplementary information are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2006

Caldwell Township, a general law township located in Missaukee County has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Caldwell Township board's discussion and analysis of the financial results for the fiscal year ended March 31, 2006.

Financial Highlights

- ◆ The assets of the Township exceeded its liabilities at the close of the fiscal year by \$764,221. Of this amount, \$543,258 may be used to meet the township's ongoing obligations to citizens and creditors.
- ◆ As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$639,936. About 85% is available for spending at the Township's discretion.
- ◆ The Township is not obligated under any long-term debt as of March 31, 2006.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components. 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements This report includes government-wide financial statements required by GASB 34. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire Township's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation.

The *Statement of Net Assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *Statement of Activities* presents information showing how the Township's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2006

Both of the government-wide financial statements distinguish functions of the Township's that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government and administration, public safety, public works, cultural and recreation and other functions. The Township does not have any business-type activities.

Fund Financial Statements

The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

Government-Wide Financial Analysis

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Township's financial position over time. The Net Assets of the Township are \$764,221 at March 31, 2006, meaning the Township's assets were greater than its liabilities by this amount.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2006

Caldwell Township
Net Assets as of March 31,

	Governmental Activities	
	<u>2006</u>	<u>2005</u>
Assets		
Current Assets	\$ 640,678	\$ 588,760
Non Current Assets		
Capital Assets	\$ 233,178	\$ 211,612
Less: Accumulated Depreciation	(108,893)	(97,861)
Total Non Current Assets	\$ 124,285	\$ 113,751
Total Assets	<u>\$ 764,963</u>	<u>\$ 702,511</u>
Liabilities		
Current Liabilities	\$ 742	\$ 615
Net Assets		
Invested in Capital Assets	\$ 124,285	\$ 113,751
Restricted for Specific Purposes	96,678	86,818
Unrestricted	543,258	501,327
Total Net Assets	<u>\$ 764,221</u>	<u>\$ 701,896</u>
Total Liabilities and Net Assets	<u>\$ 764,963</u>	<u>\$ 702,511</u>

The most significant portions of the Township's Net Assets are cash and investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others). The Township is not responsible for any long-term debt as of March 31, 2006. Other liabilities are minimal as of March 31, 2006.

At the end of the current fiscal year, the Township is able to report positive balances in all categories of net assets for the government as a whole.

The following table illustrates and summarizes the results of the changes in the net assets for the Township. The condensed information was derived from the government-wide Statement of Activities.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2006

Caldwell Township
Change in Net Assets
for the Fiscal Year Ended March 31,

	Governmental Activities	
	<u>2006</u>	<u>2005</u>
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$ 5,823	\$ 4,897
Operating Grants and Contributions	4,050	0
Capital Grants and Contribution	4,500	0
General Revenues		
Property Taxes and Assessments	82,709	77,619
State Shared Revenue	97,691	98,947
Unrestricted Investment Earnings	9,470	6,462
Other	2,613	10,798
Total Revenues	<u>\$ 206,856</u>	<u>\$ 198,723</u>
<u>Expenses</u>		
Legislative	\$ 9,976	\$ 9,739
General Government, Administrative	84,904	77,264
Public Safety	19,440	29,044
Public Works	7,758	6,433
Recreational and Cultural	4,050	4,050
Debt Service	0	1,107
Other Functions	7,371	8,010
Unallocated Depreciation	11,032	11,026
Total Expenses	<u>\$ 144,531</u>	<u>\$ 146,673</u>
Change in Net Assets	\$ 62,325	\$ 52,050
NET ASSETS - Beginning of Year	<u>701,896</u>	<u>649,846</u>
NET ASSETS - End of Year	<u><u>\$ 764,221</u></u>	<u><u>\$ 701,896</u></u>

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2006

Governmental Activities

During the fiscal year ended March 31, 2006, the Township's net assets increased by \$62,325. GASB 34 now requires the Township to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

A significant portion of the revenue for all governmental activities of Caldwell Township comes from property taxes and special assessments. The Township levied 1.48 mills for operating purposes.

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax. In fiscal year 2006, the amount of state shared revenue received decreased by a small amount.

The Township's governmental activities expenses are dominated by general governmental expenses that total 59% of total expenses. The Township spent \$84,904 in fiscal year 2006 on General Administrative expenses. Public Safety represented the next largest expense at \$19,440, or 13% of total expenses. Expenses for salaries represent a large portion of the General Administrative expenses at \$47,399. Depreciation expense added another \$11,032.

Financial Analysis of the Government's Funds

Governmental Funds The focus of Caldwell Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirement. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Caldwell Township's governmental funds reported combined ending fund balances of \$639,936. Approximately 85% or \$543,258 constitutes unreserved fund balance. The remainder of the fund balance is reserved for specific purposes and is therefore not available for new appropriation. For example, the fund balance that is reserved for street lighting must be used for expenditures that relate to street lighting.

General Fund – The General Fund increased its fund balance by \$41,931 which brings the fund balance to \$543,258. The General Fund's fund balance is unreserved. All of the General Fund's functions ended the year with expenditures below budgeted amounts except for supervisor and elections. Property taxes amounted to \$52,233 and state grants were collected in the amount of \$102,191.

Fire Fund – The Fire Fund fund balance increased by \$12,919. Property taxes collected amounted to \$30,476.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2006

Capital Assets and Debt Administration

Capital Assets. The Township's investment in capital assets for governmental activities as of March 31, 2006 amounted to \$124,285 net of accumulated depreciation. The Township's investment in capital assets for the current fiscal year increased by \$10,534.

Capital assets summarized below include any items purchased with a cost greater than \$1,000 individually and that have a useful life greater than one year. A summary of capital asset categories is illustrated below:

Caldwell Township
Capital Assets as of March 31,

	Governmental Activities	
	<u>2006</u>	<u>2005</u>
Land and Land Improvements	\$ 28,475	\$ 28,475
Buildings and Building Improvements	154,682	141,706
Equipment and Furniture	50,021	41,431
	<u>\$ 233,178</u>	<u>\$ 211,612</u>
Less Accumulated Depreciation	(108,893)	(97,861)
	<u>\$ 124,285</u>	<u>\$ 113,751</u>

During the fiscal year the Township purchased a new Dell computer for the Treasurer, replaced the ceiling and carpeting in the Town Hall and received a new voting machine.

Long-Term Debt. Caldwell Township has no obligation for any long-term debt as of March 31, 2006.

Economic Condition and Outlook

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means potential further reductions in state-shared revenues.

These factors were considered in preparing the Township's budgets for the 2006-07 fiscal year.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2006

Request for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need any additional information, contact Caldwell Township at 3401 Hilbrand Road, Manton, Michigan 49663.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

STATEMENT OF NET ASSETS
MARCH 31, 2006

ASSETS

CURRENT ASSETS

Cash	\$ 610,926
Taxes Receivable	10,657
Accounts Receivable	3,551
Due from Other Governments	<u>15,544</u>

Total Current Assets	<u>\$ 640,678</u>
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CAPITAL ASSETS

Capital Assets	\$ 233,178
Less Accumulated Depreciation	<u>(108,893)</u>

Net Capital Assets	<u>\$ 124,285</u>
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TOTAL ASSETS	<u><u>\$ 764,963</u></u>
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LIABILITIES

CURRENT LIABILITIES

Accounts Payable	<u>\$ 742</u>
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NET ASSETS

Invested in Capital Assets	\$ 124,285
Restricted for Street Lighting	11,938
Restricted for Fire Protection	84,740
Unrestricted	<u>543,258</u>

TOTAL NET ASSETS	<u>\$ 764,221</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 764,963</u></u>
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The accompanying notes are an integral part of the financial statements.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2006

					NET (EXPENSES) REVENUES AND CHANGE IN NET ASSETS
FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			TOTAL GOVERNMENTAL ACTIVITIES
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>					
Legislative	\$ 9,976	\$ 0	\$ 0	\$ 0	\$ (9,976)
General Government, Administrative	84,904	4,377	0	4,500	(76,027)
Public Safety	19,440	1,446	0	0	(17,994)
Public Works	7,758	0	0	0	(7,758)
Cultural and Recreation	4,050	0	4,050	0	0
Other Functions	7,371	0	0	0	(7,371)
Unallocated Depreciation	11,032	0	0	0	(11,032)
Total Governmental Activities	\$ 144,531	\$ 5,823	\$ 4,050	\$ 4,500	\$ (130,158)
<u>GENERAL REVENUES</u>					
Property Tax					\$ 82,709
State Shared Revenue					97,691
Interest Earnings					9,470
Other					2,613
Total General Revenues					\$ 192,483
Change in Net Assets					\$ 62,325
<u>NET ASSETS</u> - Beginning of Year					701,896
<u>NET ASSETS</u> - End of Year					\$ 764,221

The accompanying notes are an integral part of the financial statements.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY

MANTON, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

MARCH 31, 2006

	GENERAL FUND	FIRE FUND	NONMAJOR FUNDS	TOTALS
<u>ASSETS</u>				
Cash	\$ 518,298	\$ 80,448	\$ 12,180	\$ 610,926
Taxes Receivable	6,365	4,292	0	10,657
Accounts Receivable	3,401	0	150	3,551
Due from Other Governments	15,544	0	0	15,544
TOTAL ASSETS	<u>\$ 543,608</u>	<u>\$ 84,740</u>	<u>\$ 12,330</u>	<u>\$ 640,678</u>
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Accounts Payable	<u>\$ 350</u>	<u>\$ 0</u>	<u>\$ 392</u>	<u>\$ 742</u>
<u>FUND BALANCE</u>				
Reserved for:				
Street Lighting	\$ 0	\$ 0	11,938	11,938
Fire Protection	0	84,740	0	84,740
Unreserved				
Undesignated	<u>543,258</u>	<u>0</u>	<u>0</u>	<u>543,258</u>
Total Fund Balance	<u>\$ 543,258</u>	<u>\$ 84,740</u>	<u>\$ 11,938</u>	<u>\$ 639,936</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 543,608</u>	<u>\$ 84,740</u>	<u>\$ 12,330</u>	<u>\$ 640,678</u>

The accompanying notes are an integral part of the financial statements.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
MARCH 31, 2006

Total Fund Balances for Governmental Funds	\$ 639,936
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Amounts Reported for Governmental Activities in the
Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds.

Capital Assets	\$ 233,178	
Accumulated Depreciation	(108,893)	124,285
	<hr/>	<hr/>

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 764,221</u>
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The accompanying notes are an integral part of the financial statements.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED MARCH 31, 2006

	GENERAL FUND	FIRE FUND	NON MAJOR FUNDS	TOTALS
<u>REVENUES</u>				
Taxes	\$ 52,233	\$ 30,476	\$ 0	\$ 82,709
State Grants	102,191	0	0	102,191
Charges for Services	4,377	1,446	0	5,823
Interest and Rents	8,978	437	55	9,470
Other Revenues	2,613	0	4,050	6,663
Total Revenues	\$ 170,392	\$ 32,359	\$ 4,105	\$ 206,856
<u>EXPENDITURES</u>				
Legislative	\$ 9,976	\$ 0	\$ 0	\$ 9,976
General Government	106,470	0	0	106,470
Public Safety	0	19,440	0	19,440
Public Works	4,644	0	3,114	7,758
Cultural and Recreation	0	0	4,050	4,050
Other Functions	7,371	0	0	7,371
Total Expenditures	\$ 128,461	\$ 19,440	\$ 7,164	\$ 155,065
Net Change in Fund Balance	\$ 41,931	\$ 12,919	\$ (3,059)	\$ 51,791
<u>FUND BALANCE</u> - Beginning of Year	501,327	71,821	14,997	588,145
<u>FUND BALANCE</u> - End of Year	\$ 543,258	\$ 84,740	\$ 11,938	\$ 639,936

The accompanying notes are an integral part of the financial statements.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
MARCH 31, 2006

Net change in Fund Balance - Total Governmental Funds	\$ 51,791
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlay as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation.	
Capital Outlay	21,566
Depreciation Expense	<u>(11,032)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 62,325</u></u>

The accompanying notes are an integral part of the financial statements.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
MARCH 31, 2006

	<u>AGENCY FUND</u>
<u>ASSETS</u>	
Cash	\$ 947
	<hr/>
<u>LIABILITIES</u>	
Due to Other Governments	\$ 947
	<hr/>

The accompanying notes are an integral part of the financial statements.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Caldwell Township is a general law township located in Missaukee County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially responsible.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements are similar to the financial statements presented in the previous financial reporting model.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, interest and special assessments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current period is considered to be susceptible to accrual as revenue of the current period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the Township are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Caldwell Township reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire Fund* accounts for revenue sources that are legally restricted to expenditure for fire protection.

Additionally Caldwell Township reports the following fund types:

The *special revenue funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the Township holds for others in an agency capacity.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use the restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of twelve months or less from date of acquisition. The Township investment policy authorizes the Township treasurer to invest Township funds in deposit accounts, savings accounts and certificates of deposit.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. State education taxes and one-third of county taxes are levied and due July 1, and become delinquent after September 15. The remaining millages are levied and due December 1, and become delinquent after February 14. Collections of taxes and remittances of them are accounted for in the Current Tax Collection Fund. Township property tax revenues are recognized when they become both

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

measurable and available for use to finance Township operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

Caldwell Township taxes levied consisted of 1.4829 mills for Caldwell Township operating purposes, and 1 mill for Caldwell Township fire protection. These levies raised \$48,696 for operating purposes, and \$30,476 for fire protection.

3. *Inventories and Prepaid Items*

Inventories and prepaid items are not significant and are expensed as acquired.

4. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	50
Building Improvements	20
Land Improvements	25
Equipment and Furniture	5-10

The Township qualifies as a phase 3 governmental unit in regards to the implementation of GASB 34. Phase 3 governmental units are not required to retroactively capitalize infrastructure. As a result, the Township began to capitalize and depreciate infrastructure April 1, 2004, in accordance with the Township's capitalization policy.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

5. *Long-term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The Township currently has no long-term obligations.

6. *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

7. *Use of Estimates*

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. *Budgetary Information*

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budgeted amounts are as originally adopted on March 17, 2005, or as amended by the Township Board from time to time throughout the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is, at present, not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The Township's deposits and investments are all on deposit with Chemical Bank in Lake City, Michigan and with Fifth Third Bank in Cadillac, Michigan.

Investment rate risk. The Township will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Township's cash requirement.

Foreign currency risk. The District is not authorized to invest in investments, which have this type of risk.

Credit risk. The Township will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the Township's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the Township will do business in accordance with the Township's investment policy.

Concentration of credit risk. The Township will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of March 31, 2006, of the government's bank balance of \$611,941, \$274,889 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township's investments are categorized to give an indication of the level of risk assumed by the Township at year end. Category 1 includes investments that are insured or registered, or securities held by the Township or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the Township's name. At year end the Township held no investments.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

B. Receivables

Receivables as of year end for the government's individual funds are as follows:

	General	Fire	Lake Improvement	Total
Receivables				
Accounts	\$ 3,401	\$ 0	\$ 150	\$ 3,551
Taxes	6,365	4,292	0	10,657
Due from Other Governments	15,544	0	0	15,544
	<u>\$ 25,310</u>	<u>\$ 4,292</u>	<u>\$ 150</u>	<u>\$ 29,752</u>

The allowance for doubtful accounts is not considered to be material for disclosure.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the fiscal year, the Township did not have any deferred revenue.

C. Capital Assets

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 5,000	\$ 0	\$ 0	\$ 5,000
Capital assets, being depreciated				
Buildings and Improvements	\$ 141,706	\$ 12,977	\$ 0	\$ 154,683
Land Improvements	23,475	0	0	23,475
Equipment and Furniture	41,431	8,589	0	50,020
Total capital assets, being depreciated	<u>\$ 206,612</u>	<u>\$ 21,566</u>	<u>\$ 0</u>	<u>\$ 228,178</u>

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation for:				
Buildings and Building Improvements	61,267	6,400	0	67,667
Land Improvements	8,497	1,565	0	10,062
Equipment and Furniture	28,097	3,067	0	31,164
Total accumulated depreciation	\$ 97,861	\$ 11,032	\$ 0	\$108,893
Total capital assets, being depreciated, net	\$ 108,751	\$ 10,534	\$ 0	\$119,285
Governmental activities capital assets, net	\$ 113,751	\$ 10,534	\$ 0	\$124,285

D. Interfund Receivables, Payables and Transfers

As of March 31, 2006, there were no interfund receivable and payable balances.

Transfers are used to: (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The Township has no interfund transfers.

E. Fund Balance Reserves

In order to comply with generally accepted accounting principles and meet certain legal requirements, the Township has reserved fund balances in various funds. These reserves are detailed in the following schedule:

FUND BALANCE/NET ASSETS

Reserved

 Special Revenue Funds

 Fire Fund

 Fire Protection

\$ 84,740

 Street Lighting Fund

 Street Lighting

11,938

 Total Fund Balance Reservations

\$ 96,678

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

IV. OTHER INFORMATION

A. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, workers compensation insurance and errors and omissions insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including fidelity bonds.

B. Retirement Plan

The Township has a defined contribution pension plan with Municipal Retirement Systems, Inc. which covers Township employees who have satisfied the eligibility requirements. Each employee becomes eligible for coverage on the first policy anniversary date which the employee reaches age 18. An employee's normal retirement date is age 65 or the 5th anniversary of the first day of the plan year in which participation in the plan is commenced.

The formula for determining contributions is based on an employee's annual compensation. Annual compensation is based on compensation which coincides with the calendar year coinciding with or ending within the plan year. Plan year is April 1st to March 31st of the following year. The Township has elected to contribute 6% of compensation to the plan annually, with employees contributing an additional 6%. Past service credit is calculated as 3% of current compensation for each year of past service to a maximum of 10 years.

Township contributions to the plan for 2005-06 plan year amounted to \$3,156 and employees contributed \$3,156. In addition, the Township paid \$360 in service fees.

Total wages for those covered under the plan was \$42,900 and total wages for the employees including noncovered payroll was \$47,399.

C. Lake Improvement Fund

Caldwell and Lake Township property owners on Crooked Lake have established a Lake Improvement Board for the purpose of improving Crooked Lake. A special assessment district was established with each municipality collecting the assessment from its property owners within the district. Caldwell and Lake Townships send the collected assessments to the Crooked Lake Improvement Board which maintains the records for the lake improvements.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

The Lake Improvement Fund as reported in these financial statements shows the transactions of the Township Lake Improvement Fund as they would have occurred if all lake improvement monies received for the current and delinquent taxes were sent to the Lake Improvement Fund before being sent to the Crooked Lake Improvement Board. The payments are being sent to the Crooked Lake Improvement Board directly from the Current Tax Fund and from the General Fund due to substantial savings of time and bookkeeping procedures.

D. Fire Protection

The Township contracts with the City of Manton for fire protection. The City of Manton contract calls for payment at .75 mills on SEV of the area covered. The contract runs from December 1, to November 30, of each year. For the 2005-2006 fiscal year, the Township paid \$7,328 for this protection.

E. Lake Missaukee Area Fire Authority

The Lake Missaukee Area Fire Authority is a joint venture by and between the City of Lake City and the townships of Caldwell, Forest, Lake, Pioneer, and Reeder. This joint venture was created to provide fire protection for the listed governments. Each municipality pays an annual base amount equal to one-half of one mill of taxable value of the real property located in the areas of the municipality covered by this agreement. In addition, the Township pays \$450 per fire run within the Township.

In addition to the annual contribution, each township may be required to contribute monies for capital expenditures.

For the year ended March 31, 2006, the Township contributed a total of \$10,356 to the Fire Authority for operations.

For the year ended March 31, 2005 the Fire Authority obtained a \$100,000 bank loan for the purchase of a new fire truck.

The following financial information was taken from the Fire Authority's March 31, 2005 audited financial statements:

Total Net Assets	\$ 479,585
Net Assets Invested in Capital Assets Net of Related Debt	460,976
Fund Balance – Unreserved	18,609
Total Revenues	126,373
Total Expenditures	277,140
Proceeds from Issuance of Debt	100,000
Net Change in Fund Balance	(50,767)

A copy of these audited financial statements may be obtained upon request from the Fire Authority Treasurer.

F. Due from Other Governments

Amounts due from other governments consists of \$15,544 in state-shared revenues.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED MARCH 31, 2006

	<u>GENERAL FUND</u>			<u>FIRE FUND</u>		
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>						
Taxes	\$ 50,000	\$ 50,000	\$ 52,233	\$ 28,800	\$ 28,800	\$ 30,476
State Grants	90,000	90,000	102,191	0	0	0
Charges for Services	4,260	4,260	4,377	300	300	1,446
Interest and Rents	6,200	6,200	8,978	350	350	437
Other Revenues	1,700	1,700	2,613	0	0	0
Total Revenues	\$ 152,160	\$ 152,160	\$ 170,392	\$ 29,450	\$ 29,450	\$ 32,359
<u>EXPENDITURES</u>						
Legislative						
Township Board	\$ 17,857	\$ 18,357	\$ 9,976	\$ 0	\$ 0	\$ 0
General Government						
Supervisor	12,287	12,287	12,315	0	0	0
Election	2,000	2,000	5,126	0	0	0
Assessor	23,660	26,160	22,163	0	0	0
Clerk	15,100	15,100	13,142	0	0	0
Board of Review	2,200	2,200	1,135	0	0	0
Treasurer	23,950	27,150	23,083	0	0	0
Buildings and Grounds	29,790	30,790	26,954	0	0	0
Cemetery	5,220	6,220	2,552	0	0	0
Public Safety	0	0	0	38,062	38,062	19,440
Public Works	75,000	75,000	4,644	0	0	0
Other Functions	24,660	24,660	7,371	0	0	0
Total Expenditures	\$ 231,724	\$ 239,924	\$ 128,461	\$ 38,062	\$ 38,062	\$ 19,440
Net Change in Fund Balance	\$ (79,564)	\$ (87,764)	\$ 41,931	\$ (8,612)	\$ (8,612)	\$ 12,919
<u>FUND BALANCE</u> - Beginning of Year	501,327	501,327	501,327	71,821	71,821	71,821
<u>FUND BALANCE</u> - End of Year	\$ 421,763	\$ 413,563	\$ 543,258	\$ 63,209	\$ 63,209	\$ 84,740

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

GENERAL FUND

BALANCE SHEET
MARCH 31, 2006

ASSETS

Cash	\$ 518,298
Taxes Receivable	6,365
Accounts Receivable	3,401
Due from Other Governments	<u>15,544</u>
 TOTAL ASSETS	 <u><u>\$ 543,608</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 350
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FUND BALANCE

Unreserved	<u>543,258</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 543,608</u></u>
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CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2006

REVENUES

Taxes	\$ 52,233
State Grants	102,191
Charges for Services	4,377
Interest and Rents	8,978
Other Revenues	2,613
Total Revenues	<u>\$ 170,392</u>

EXPENDITURES

Legislative	
Township Board	\$ 9,976
General Government	
Supervisor	12,315
Election	5,126
Assessor	22,163
Clerk	13,142
Board of Review	1,135
Treasurer	23,083
Building and Grounds	26,954
Cemetery	2,552
Public Works	4,644
Other Functions	7,371
Total Expenditures	<u>\$ 128,461</u>

Net Change in Fund Balance	\$ 41,931
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<u>FUND BALANCE</u> - Beginning of Year	<u>501,327</u>
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<u>FUND BALANCE</u> - End of Year	<u><u>\$ 543,258</u></u>
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CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

FIRE FUND

BALANCE SHEET
MARCH 31, 2006

ASSETS

Cash	\$ 80,448
Taxes Receivable	<u>4,292</u>
 TOTAL ASSETS	 <u><u>\$ 84,740</u></u>

LIABILITIES AND FUND BALANCE

<u>LIABILITIES</u>	\$ 0
 <u>FUND BALANCE</u>	
Reserved for Fire Protection	<u>84,740</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 84,740</u></u>

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

FIRE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED MARCH 31, 2006

REVENUES

Taxes	
Current Property Tax	\$ 30,476
Charges for Services	
Fire Runs	1,446
Interest and Rents	
Interest Earnings	<u>437</u>
 Total Revenues	 <u>\$ 32,359</u>

EXPENDITURES

Public Safety	
Fire Protection	
Personal Services	
Salaries and Wages	\$ 540
Other Services and Charges	
Aid to Other Government	
Manton Base Contracts	7,328
Lake Missaukee Area Fire Authority	10,356
Miscellaneous	
Delinquent Fire Runs	<u>1,216</u>
 Total Expenditures	 <u>\$ 19,440</u>
 Excess (Deficiency) of Revenues	
Over Expenditures	\$ 12,919

<u>FUND BALANCE</u> - Beginning of Year	<u>71,821</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 84,740</u></u>

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

BALANCE SHEET

MARCH 31, 2006

	<u>SPECIAL REVENUE FUNDS</u>
 <u>ASSETS</u>	
Cash	\$ 12,180
Accounts Receivable	<u>150</u>
 TOTAL ASSETS	 <u><u>\$ 12,330</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>	
Accounts Payable	\$ 392
 <u>FUND BALANCE</u>	
Reserved for Street Lighting	 <u>11,938</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 12,330</u></u>

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED MARCH 31, 2006

	<u>SPECIAL REVENUE FUNDS</u>
<u>REVENUES</u>	
Interest and Rents	\$ 55
Other Revenues	<u>4,050</u>
Total Revenues	<u>\$ 4,105</u>
<u>EXPENDITURES</u>	
Public Works	\$ 3,114
Cultural and Recreational	<u>4,050</u>
Total Expenditures	<u>\$ 7,164</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,059)
<u>FUND BALANCE</u> - Beginning of Year	<u>14,997</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 11,938</u></u>

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET
MARCH 31, 2006

	STREET LIGHTING	LAKE IMPROVEMENT	TOTAL
<u>ASSETS</u>			
Cash	\$ 12,180	\$ 0	\$ 12,180
Accounts Receivable	0	150	150
TOTAL ASSETS	<u>\$ 12,180</u>	<u>\$ 150</u>	<u>\$ 12,330</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 242	\$ 150	\$ 392
<u>FUND BALANCE</u>			
Reserved for Street Lighting	<u>11,938</u>	<u>0</u>	<u>11,938</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 12,180</u>	<u>\$ 150</u>	<u>\$ 12,330</u>

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2006

	STREET LIGHTING	LAKE IMPROVEMENT	TOTAL
<u>REVENUES</u>			
Interest and Rents	\$ 55	\$ 0	\$ 55
Other Revenues	0	4,050	4,050
Total Revenues	\$ 55	\$ 4,050	\$ 4,105
<u>EXPENDITURES</u>			
Public Works			
Street Lighting	\$ 3,114	\$ 0	\$ 3,114
Cultural and Recreation			
Lake Improvement	0	4,050	4,050
Total Expenditures	\$ 3,114	\$ 4,050	\$ 7,164
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,059)	\$ 0	\$ (3,059)
<u>FUND BALANCE</u> - Beginning of Year	14,997	0	14,997
<u>FUND BALANCE</u> - End of Year	\$ 11,938	\$ 0	\$ 11,938

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

STREET LIGHTING FUND

BALANCE SHEET
MARCH 31, 2006

ASSETS

Cash	\$ 12,180
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 242
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FUND BALANCE

Reserved for Street Lighting	11,938
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TOTAL LIABILITIES AND FUND BALANCE	\$ 12,180
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CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

STREET LIGHTING FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED MARCH 31, 2006

REVENUES

Interest and Rents	
Interest Earnings	\$ 55

EXPENDITURES

Public Works	
Street Lighting	
Other Services and Charges	
Public Utilities	\$ 3,103
Supplies	11

Total Expenditures	\$ 3,114
--------------------	----------

Excess (Deficiency) of Revenues	
Over Expenditures	\$ (3,059)

<u>FUND BALANCE</u> - Beginning of Year	14,997
---	--------

<u>FUND BALANCE</u> - End of Year	\$ 11,938
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CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

LAKE IMPROVEMENT FUND

BALANCE SHEET
MARCH 31, 2006

ASSETS

Accounts Receivable	<u>\$ 150</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Due to Other Governments	\$ 150
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<u>FUND BALANCE</u>	<u>0</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 150</u>
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CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

LAKE IMPROVEMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED MARCH 31, 2006

REVENUES

Other Revenues

Special Assessments

\$ 4,050

EXPENDITURES

Cultural and Recreation

Lake Improvement

Aid to Other Governments

4,050

Excess (Deficiency) of Revenues

Over Expenditures

\$ 0

FUND BALANCE - Beginning of Year

0

FUND BALANCE - End of Year

\$ 0

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED MARCH 31, 2006

	BALANCE				BALANCE
	4/1/2005	ADDITIONS	DEDUCTIONS		3/31/2006
<hr/>					
<u>ASSETS</u>					
Cash	\$ 949	\$ 992,819	\$ 992,821	\$	947
<hr/>					
<u>LIABILITIES</u>					
Due to Other Funds	\$ 0	\$ 81,039	\$ 81,039	\$	0
Refunds Payable to Taxpayers	0	117	117		0
Due to Other Governments	949	911,443	911,445		947
<hr/>					
TOTAL LIABILITIES	\$ 949	\$ 992,599	\$ 992,601	\$	947
<hr/>					

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

STATEMENT OF 2005 PROPERTY TAX ROLL
MARCH 31, 2006

TAXES ASSESSED

County		\$	243,961	
County State Education Tax			197,025	
Township				
Operating	\$	48,689		
Fire		30,476		
Sewer Assessment		528	79,693	
Schools				
Lake City Area School	\$	266,135		
Manton Consolidated Schools		114,357	380,492	
City of Lake City				
Delinquent Sewer			5,433	
Intermediate School				
Wexford-Missaukee			195,756	
Lake Improvement Board				
Crooked Lake Improvement Board			4,050	\$ 1,106,410

TAXES COLLECTED

County		\$	215,203	
County State Education Tax			182,437	
Township				
Operating	\$	42,324		
Fire		26,183		
Sewer Assessment		504	\$ 69,011	
Schools				
Lake City Area School	\$	239,593		
Manton Consolidated Schools		97,885	337,478	
City of Lake City				
Delinquent Sewer			1,570	
Intermediate School				
Wexford-Missaukee			170,164	
Lake Improvement Board				
Crooked Lake Improvement Board			3,900	979,763

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
MANTON, MICHIGAN

STATEMENT OF 2005 PROPERTY TAX ROLL
MARCH 31, 2006

TAXES RETURNED DELINQUENT

County		\$	28,758	
County State Education Tax			14,588	
Township				
Operating	\$	6,365		
Fire		4,293		
Sewer Assessment		24	\$	10,682
Schools				
Lake City Area School	\$	26,542		
Manton Consolidated Schools		16,472		43,014
City of Lake City				
Delinquent Sewer				3,863
Intermediate School				
Wexford-Missaukee				25,592
Lake Improvement Board				
Crooked Lake Improvement Board			150	\$ 126,647

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

June 7, 2006

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board
Caldwell Township
Missaukee County
Manton, Michigan

During the course of our audit of the basic financial statements of Caldwell Township for the year ended March 31, 2006, we noted the following:

General Recordkeeping

The accounting records for the year ended March 31, 2006, were found to be in good order and in compliance with the State's uniform accounting system. We commend the Township clerk and treasurer for a job well done.

We would like to thank the board for its continued confidence in our firm and to thank the township clerk and treasurer for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

134 WEST HARRIS STREET
CADILLAC, MICHIGAN 49601
231-775-9789
FAX: 231-775-9749

M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

June 7, 2006

LETTER OF REPORTABLE CONDITIONS

To the Township Board
Caldwell Township
Missaukee County
Manton, Michigan

In planning and performing our audit of the basic financial statements of Caldwell Township, Missaukee County, Manton, Michigan for the year ended March 31, 2006, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.